

June 10, 2015

Ms. Marlene H. Dortch, Secretary  
FEDERAL COMMUNICATIONS COMMISSION  
445 12th Street, SW  
Washington, D.C. 20554

**Re: Ex Parte Presentation  
WC Docket No. 12-375 - Inmate Calling Services  
Payment Processing Services**

Secretary Dortch:

I am the CEO of E-Complish, Inc. (<http://www.e-complish.com>). E-Complish provides payment processing services and has been in business for 16 years. I personally have 28 years' worth of experience in the financial services industry.

My company has extensive experience in the inmate calling services (ICS) industry, having provided payment processing services to ICS vendors for approximately 10 years. We have worked with a number of different vendors over the years and have had the opportunity to observe a wide variety of business practices. I understand that the Federal Communications Commission (FCC) is considering comprehensive revisions to the regulation of the ICS industry, including the regulation of fees for ancillary services like payment processing. I am writing to share my insights and experiences with ICS payment processing for consideration as the FCC contemplates ICS industry reform.

For years, I have witnessed first-hand inmates and their families suffer abuses due to the actions of certain ICS providers. In my view, the ICS industry as a whole is tainted and corrupt. As the head of my company, I have to be able to look myself in the mirror knowing that we treat our clients and, in turn, their customers fairly. I frequently am unable to do that when dealing with ICS providers. In fact, E-Complish has numerous times turned away prospective clients—ICS providers—because of their (at best) questionable practices. Some of those practices, relating primarily to payment processing fees assessed on ICS customers, are described below.

First, a little background on my company. E-Complish provides automated payment channels for the acceptance and processing of payments for our clients' customers. We are a Level 1 PCI Compliant Merchant Service Provider registered with all major card brands. We custom-design payment systems for Interactive Voice Response (IVR), Call Center Representative Systems, Mobile, Payments by Text and consumer-facing web portals to make one-time, future or recurring payments.



Our philosophical approach is to “invest” in our clients. We do not charge setup fees. Instead, we are compensated through transaction fees paid either by our clients or the clients’ customers. We call our approach a “Customized Vested Solution.”<sup>1</sup> We go to great lengths to design and provide payment channels exactly how the client wants them, and we do all that we can to make sure that they work, plain and simple. If the solutions we design for our client do not produce results, we do not get paid transaction fees. That’s why we use the word “vested”: we are only successful if our clients are successful.

E-Complish has committed to charging transaction fees that are reasonable, usually in the range of \$3.00 to \$5.00, depending on the average charge amount and estimated ratio of chargebacks for that particular client industry. We are able to keep the fees low because all of our payment processing is automated. We are certainly willing to offer payment processing services to clients in the ICS industry on these same terms. By contrast, we have witnessed other vendors who “self-provision” ICS payment processing services and charge fees of \$10.00 to \$19.95 per transaction. Such fees cannot be justified.

It is possible—though highly unlikely—that the vendors assessing such exorbitant fees are using only live operators to take a payment. It is true that transaction fees should be higher if a live operator is involved, because along with that operator come higher costs. Our research shows the cost for a live operator to take a payment, however, is between \$5.00 to \$7.00, based on a normal call that is four-to-five minutes long and the call center’s geographic location.

Thus, any ICS provider argument that “our costs are higher so we must charge more” breaks down. Even if a live operator is taking all the payments (which certainly is not the case for this industry, where most payments are automated) we do not see how fees in the \$10.00 to \$19.95 range can be justified. Quite frankly, if an ICS vendor’s costs are that high, that is the vendor’s problem—not the inmate or inmate’s family that is trying to make a payment. As a company, we have refused to work with ICS providers who insist on charging exorbitant fees.

Incidentally, Visa’s rules specifically require that a service fee cannot exceed the cost of processing the credit card (whether live operator or automated); Visa’s guidelines specifically state that a service fee should not be a profit in any way, and that all forms of payment (even by check) must be charged the same fee. In addition to these rules, any entity that accepts credit cards pays the exact same fee to the credit card brands (called “Interchange Fees”), plus a fee to their Credit Card Merchant Account Provider (called a “Discount Rate”). The Interchange Fee is a fixed cost and the Discount Rate can be negotiated (usually by volume). Thus, any argument from an ICS provider that it has additional costs (over another ICS provider), and therefore must charge a higher service fee does not hold water. Upon FCC inspection, I feel strongly that the FCC will find that all ICS

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<sup>1</sup> You can read more about E-Complish’s philosophy on our website: <http://www.e-complish.com/about/our-philosophy/>.

providers pay about the same to take a payment, yet most overcharge relative to their actual costs to make a profit over and above the services they provide.

To further inspect this argument, a \$10.00 to \$19.95 fee could only be justified if an ICS provider is regularly accepting payments of more than \$500.00 per transaction, or if the provider is being grossly overcharged by its Merchant Account Provider. Of course, the transactions in the ICS industry typically average less than \$30.00, and, usually, Merchant Account Provider Discount Rate fees are within a certain range for all entities in that same industry. Simply put, such high fees are unjustifiable and are being used as profit over and above the services the ICS provider is already providing.

We have witnessed payment processing practices in the ICS industry that would not be sustainable in an environment with consumer choice and/or competition. It leaves me wondering how a correctional facility could or would allow this to happen. My only conclusion (which should be obvious to all) is that ICS providers are paying some sort of kickback to the facilities. If that's the scheme, then what is going to stop the ever-escalating fees? What is to stop providers from offering ever-higher kickbacks? What is going to stop these ICS providers and correctional facilities from literally ripping off "captive audiences"?

In closing, E-Complish wholeheartedly supports some sort of FCC regulation in order to get these payment processing fees in line with actual costs. For the record, E-Complish has no vested interest in the outcome of this FCC regulation. Our hope is to shed some light on the corruption that we have first-hand seen within this industry. Simply put, these predatory ICS providers need regulation. The families trying to communicate with their sons, daughters, brothers, sisters, etc. are the real victims here - during an already difficult time in their lives. Regulation would provide a cheaper, fairer means of communication between inmates and their families.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Stephen Price', with a long horizontal flourish extending to the right.

Stephen Price  
General Partner/CEO  
E-Complish, Inc.